



***United States Attorney
Southern District of New York***

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**U.S. CHARGES NYC GALLERY OWNER IN MULTIMILLION-DOLLAR
GLOBAL SCHEME TO SELL REAL MASTERWORKS AND FORGED COPIES**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMURO, the Assistant Director in Charge of the New York Office of the FBI, announced that ELY SAKHAI, owner of The Art Collection, Inc. and Exclusive Art, art galleries in lower Manhattan, was arrested yesterday on charges of mail and wire fraud stemming from his involvement in an international art forgery scheme.

According to the Complaint unsealed in Manhattan federal court, SAKHAI, bought and sold a variety of art works, including paintings by Impressionist and Post-Impressionist artists, such as Marc Chagall and Pierre-August Renoir. As alleged in the Complaint, SAKHAI would buy authentic paintings at auction, acquire forgeries of those paintings, and then sell the forgeries, for millions of dollars, falsely and deliberately

misleading buyers into believing that the forgeries were authentic. SAKHAI would later sell the authentic paintings, typically at public auction, without disclosing his own prior sale of forgeries of the same works.

The scheme, as charged in the Complaint, involved numerous paintings, including a Marc Chagall entitled "La Nappe Mauve," which SAKHAI purchased in 1992 at public auction. SAKHAI later acquired and sold a forgery of this Chagall painting (providing a purported certificate of authenticity) to an art dealer located in Tokyo, Japan ("Purchaser-1"). SAKHAI then sold the authentic "La Nappe Mauve" at an auction by Christie's in London, England, without disclosing his own sale of a forgery of the identical painting years earlier to Purchaser-1. According to the Complaint, the painting SAKHAI sold to Purchaser-1 was revealed to be a forgery after it was consigned to a gallery in Zurich, Switzerland, which arranged for experts to examine the painting.

The Complaint further charges SAKHAI with selling approximately 11 forged paintings to another Tokyo art gallery ("Purchaser-2"). SAKHAI allegedly represented the paintings to be authentic, but the Complaint charges they are forgeries based on, among other things, SAKHAI's subsequent sale of the "same" paintings after purportedly selling them to Purchaser-2. The Complaint details the following transactions with Purchaser-2:

- SAKHAI purchased an authentic Pierre-Auguste Renoir painting entitled "Jeune Femme S'Essuyant" at a Sotheby's auction. Years later SAKHAI sold a painting (which he claimed was the authentic Renoir) to Purchaser-2, who in turn, sold the painting in Asia. SAKHAI later sold the authentic Renoir, "Jeune Femme S'Essuyant," at auction by Sotheby's on May 11, 2000, in Manhattan, never disclosing his prior acquisition and sale of the forgery to Purchaser-2.

- SAKHAI purchased a painting by the French artist, Marie Laurencin, entitled "Jeune Fille a la Mandolin" at auction held by Christie's in Manhattan. Approximately five years later, SAKHAI sold to Purchaser-2 a painting which he claimed was the Laurencin, (providing Purchaser-2 with a purported certificate of authenticity). Purchaser-2 resold the painting, and it ultimately came to Christie's in Manhattan for its May 15, 1997, auction. However, prior to the auction, Christie's learned that SAKHAI had the "identical" Laurencin painting. Christie's arranged for expert comparison of the two paintings, and the painting Purchaser-2 had purchased was determined to be a forgery. SAKHAI succeeded in later selling the authentic painting, under the slightly altered title "Jeune Fille a la Guitare" at auction by Sotheby's in Manhattan, without disclosing that he was responsible for the forgery discovered at Christie's.

Other transactions in SAKHAI's scheme to defraud charged in the Complaint include:

- SAKHAI's sale of a forged Paul Gauguin painting

entitled "Vase de Fleurs (Lilas)" to a Tokyo art collector ("Purchaser-4"). SAKHAI bought the authentic Gauguin painting at a Sotheby's auction. He later sold a forgery of it to Purchaser-4 (claiming it was authentic). After several re-sales, the forgery was consigned to Christie's, in Manhattan, and at a November 1997 auction it was sold to an individual collector. Years later, SAKHAI put the authentic Paul Gauguin painting, "Vase de Fleurs," up for auction with Sotheby's for its May 11, 2000, auction in Manhattan, (without disclosing his sale of a forgery to Purchaser-4). Around the time of the Sotheby's 2000 auction, the collector who had earlier purchased the purported Gauguin put his painting up for auction with Christie's in Manhattan, for its May 2000 auction.

Thus, the identical Gauguin painting was depicted in Sotheby's and Christie's catalogues for their respective May 2000 auctions. Christie's arranged for expert examination of the two paintings, and the painting at Christie's (the one SAKHAI sold to Purchaser-4) was declared a forgery. Christie's withdrew the forged Gauguin from its auction, Sotheby's proceeded to auction the authentic painting, and SAKHAI received \$310,000 from the sale.

- SAKHAI's sale of a forged Marc Chagall painting to another Taipei, Taiwan, art gallery ("Purchaser-5"). SAKHAI sold to Purchaser-5 a purported Chagall entitled "Le Roi David Dans le Paysage Vert." Purchaser-5 then sold the painting through Sotheby's. The painting was revealed to be a forgery, however,

by the Comite Marc Chagall in Paris. The French authorities seized the forgery and destroyed it pursuant to French court order. The authentic painting reemerged later to play a role in SAKHAI's scheme to defraud, when two art dealers from New York and Paris purchased a purported Monet, "Le Mont Kolsas", from SAKHAI for approximately \$650,000. Upon expert examination, the Monet painting was determined to be a fake. SAKHAI accepted the return of the fake Monet from the art dealers, offered them in substitution approximately nine other works of art, purportedly by the masters Monet, Renoir, Henri Moore, Chagall, Corot, DuBuffet, Cezanne, Rouault, and Scheile.

Each of the works upon further examination by various experts in the field was declared to be fake, it was charged. Finally, in partial settlement of his debt for the forged Monet, SAKHAI sent the art dealer in Paris, France, the authentic Chagall painting, "Le Roi David Dans Le Paysage Vert," without disclosing to the art dealer that he had acquired and sold a forgery of that very painting to Purchaser-5 in Taiwan.

- SAKHAI's sale of a forged painting by the artist Paul Klee entitled "Palaste." In February 2000, SAKHAI sold four works to a trust entity ("Purchaser-6"), including a Paul Klee painting entitled "Palaste. SAKHAI had purchased the authentic Paul Klee painting "Palaste" at auction in or about February 1998. However, after the February 19, 2000, sale of the

purportedly authentic "Palaste" to Purchaser-6, SAKHAI sold what was in fact the authentic "Palaste" at auction by Sotheby's on May 11, 2000, in Manhattan, and received \$190,000 from the sale. In or about September 2003, an affiliate of Purchaser-6 contacted Sotheby's to sell the four works Purchaser-6 had purchased from SAKHAI. Sotheby's took the Klee and one other painting on consignment. After Sotheby's mailed auction catalogues offering the "Palaste" for sale, the person who had purchased "Palaste" years before at the Sotheby's auction contacted Sotheby's to ask how his Klee painting could possibly be for sale. Sotheby's arranged for expert examination which concluded that Purchaser-6's "Palaste" was a forgery.

Other works of art forged and sold in SAKHAI's alleged scheme to defraud, according to the Complaint, include: the authentic and a forged versions of (1) a Gustave Moreau painting entitled "L'Enlèvement de Ganymède" and (2) a Marc Chagall painting entitled "Les Mariées au Bouquet de Fleurs."

SAKHAI was arrested yesterday in Manhattan, and was presented before United States Magistrate Judge MICHAEL H. DOLLINGER in Manhattan federal court. He was released on bail.

The defendant is charged in the Complaint with mail and wire fraud. If convicted on the wire and mail fraud as charged in the Complaint, the defendant faces a maximum sentence of 20 years in prison for each of eight counts, and a \$2 million fine

or twice the gross gain or loss resulting from the crime.

Mr. KELLEY praised the investigative efforts of the FBI and said that the investigation is continuing.

The FBI is seeking additional information relating to art suspected of being forged and directs interested persons to log on to the official FBI website www.fbi.gov for further information and images.

Assistant United States Attorneys JANE A. LEVINE and VIRGINIA L. CHAVEZ are in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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